

## CHAPTER 3

ANNEX 2REPORT ON RECEIVABLES DUE FROM THE PUBLIC

A. Purpose. This section prescribes the report format and instructions for preparation of the Report on Receivables Due From the Public (Receivables Report). The Receivables Report is required by Volume 1, Part 2, Chapter 4100 of the Treasury Financial Manual (TFM), and provides the Treasury Department with information needed pursuant to the Office of Management and Budget (OMB) Circular A-129, "Policies for Federal Credit Programs and Non-Tax Receivables." It also advises agency managers on the status of receivables and credit management efforts. The authority to require information found in the Receivables Report is the "Debt Collection Improvement Act of 1996," 31 United States Code (USC), Section 3719.

B. Applicability and Scope. The provisions of this section apply to all DoD Components.

C. Report Format and Control Number. The Receivables Report consists of three parts: (I) Status of Receivables, (II) Debt Management Tool and Technique Performance Data, and (III) Footnotes. The Receivables Report and accompanying footnotes are illustrated in Figure A-1 of this annex.

D. Frequency and Distribution

1. Quarterly Reporting. Entities with \$50 million in total receivables (inclusive of principal, interest, and late charges) as reported in the previous fiscal year must report quarterly for the following fiscal year. Quarterly reports, if required by an entity, are due to the Department of the Treasury's Financial Management Service (FMS) by the end of the 30th day of the month following the close of each of the first three quarters (for example, 2nd quarter FY 2002 reports will be due by April 30, 2002). All fourth quarter reports are due by November 15th.

2. Quarterly and Annual Reports. All entities with receivables must submit an annual report and complete Parts I, II, and III of the form. All quarterly and annual reports must be transmitted via the Internet utilizing the Debt Management Information System (DMIS).

3. Year-End Reporting.

a. Verification. The Department of the Treasury's FMS requires that all 4th quarter (year-end) reports be verified by the submitting agency's Chief Financial Officer (CFO), or equivalent. Verification of the Receivables Report means that the report has been reconciled to the agency's Audited Financial Statements or in its absence to the Federal Agencies Centralized Trial-Balance System (FACTS). The verification form is to be submitted separately from the Receivables Report and is due to Treasury, FMS by March 31 of each year for the preceding fiscal year (FY).

b. Certification. All 4<sup>th</sup> quarter (year-end) reports also must be certified by the submitting agency's Chief Financial Officer or equivalent. Certification means that the amounts reported on the Receivables Report for cross-servicing and offset are correct and will be used to monitor compliance with the Debt Collection Improvement Act. Certifications are due to Treasury, FMS by December 15 of each year for the preceding fiscal year.

4. Preparation Instructions for the Report on Receivables Due from the Public. Following are preparation instructions for FY 2001 reporting. Preparation instructions for the Receivables Report also may be found at [www.fms.treas.gov/debt](http://www.fms.treas.gov/debt) on the Internet.

**FORM IDENTIFICATION & PREPARER INFORMATION**

<b>Report on Receivables Due From the Public</b>				
<b>Reporting Entity Code:</b> _____		<b>Fiscal Year:</b> _____		<b>Quarter:</b> _____
Type of Receivable:	Direct Loans:	Defaulted Loans:	Guaranteed	Administrative:
	_____	_____		_____

<b>Agency Contact Information</b>		
Preparer's Name: _____		Telephone Number: _____
Preparer's Facsimile No.: _____		E-Mail Address: _____
Supervisor's Name: _____		Telephone Number: _____
Address: _____		E-Mail Address: _____
City: _____	State: _____	Zip Code: _____

**Part I - Status of Receivables****Section A****Receivables and Collections**

	<b>Number</b>	<b>Dollars</b>
(1) Beginning FY Balance		
(2) New Receivables (+)		
(3) Accruals (+)		
(4) Collections on Receivables (-)		
(A) At Agency		
(B) At Third Party		
(C) Asset Sales		
(D) Other-must footnote		
(5) Adjustments		
(A) Reclassified/Adjusted Amounts (+ or -)		
(B) Adjustment Due to Sale of Assets (+ or -)		
(C) Consolidations (+ or -)		
(6) Amounts Written Off (-)		
(A) Currently no Collectible (-)		
(B) Written off and Closed (-)		
(7) Ending Balance		
(A) Foreign/Sovereign		
(B) State and Local Government		
(8) Rescheduled Debt		
(A) Delinquent		
(B) Non-Delinquent		
(9) Interest and Late Charges		

**Section B****Delinquent Debt by Age**

(1) Total Delinquencies		
(A) 1-90 Days		
(B) 91-180 Days		
(C) 181-365 Days		
(D) 1-2 Years		
(E) 2-6 Years		
(F) 6-10 Years		
(G) Over 10 Years		
(2) Commercial		
(3) Consumer		
(4) Foreign/Sovereign Debt		

**Part II - Debt Management Tool and Technique Performance Data****Section A****Delinquent Debt 180 Days or Less**

	<b>Number</b>	<b>Dollars</b>
(1) Total Delinquencies 1-180 Days		
(A) In Bankruptcy		
(B) In Forbearance or In Formal Appeals Process		
(C) In Foreclosure		
(D) At Private Collection Agencies		
(E) At DOJ		
(F) Eligible for Internal Offset		
(G) In Wage Garnishment		
(H) At Treasury for Cross Servicing		
(I) At Treasury for Offset		
(J) At Agency		
(K) Other - must footnote		

**Section B****Debt Eligible for Referral to Treasury to Offset & Cross-Service**

(1) Debt Eligible for Referral to Treasury for Offset		
(A) Delinquent Debt Over 180 Days & Currently not Collectible		
(B) In Bankruptcy (-)		
(C) Foreign/Sovereign Debt (-)		
(D) In Forbearance or Formal Appeals Process (-)		
(E) In Foreclosure (-)		
(F) Other - must footnote (+ or -)		
(G) Debt Eligible for Referral to Treasury for Offset		
(H) Debt Referred to DOJ/Litigation (-)		
(I) Debt Eligible for Referral to Offset by Agency		
(J) Debt Referred to Treasury for Offset		
(K) Balance of Debt eligible for referral by the Agency		
(2) Debt Eligible for Referral to Treasury or a Designated Debt Collection Center for Cross-Servicing		
(A) Debt Eligible for Referral to Treasury for Offset by Agency		
(B) At PCAs (-)		
(C) Eligible for Internal Offset (-)		
(D) Debt Exempted by Treasury from Cross Servicing (-)		
(E) Other – must footnote (+ or -)		
(F) Debt Eligible for Referral to Treasury or a Designated Debt Collection Center for Cross-Servicing		
(G) Debt Referred to Treasury for Cross Servicing (-)		
(H) Balance of Debt Eligible for referral by the Agency		

<b>Section C</b>			
<b>Collections</b>		<b>Number</b>	<b>Dollars</b>
(1) Collections on Delinquent Debt			
(A) By Private Collection Agencies			
(B) By DOJ			
(C) By Internal Offset			
(D) By Third Party			
(E) By Asset Sales			
(F) By Wage Garnishment			
(G) By Treasury for Offset			
(H) By Treasury for Cross Servicing			
(I) By Agency			
(J) Other - must footnote			
<b>Section D</b>			
<b>Debt Disposition</b>		<b>Number</b>	<b>Dollars</b>
(1) Currently no Collectible (Written Off and Not Closed Out)			
(A) At Private Collection Agencies			
(B) At Treasury or a Designated Debt Collection Center for Cross Servicing			
(C) At Treasury for Offset			
(D) Other - must footnote			
(2) Reported to IRS on Form 1099C (Written Off and Closed Out)			
<b>Part III -</b>			
<b>Footnotes</b>			

Figure 3-2-1

a. General. The Receivables Report consists of three parts, and asks for data in two columns:

(1) The Number of Receivables. The number should represent the actual number of debts or claims. Examples: (1) if a debtor has several separate claims, each claim should be counted individually; or (2) if a claim has numerous bills/invoices or is being paid in installments, each invoice or installment payment should not be counted individually; the underlying claim is counted once.

(2) The Dollar Amount of Receivables. The dollar amount should represent the sum of the principal, interest and late charges associated with the receivables. Dollar amounts are reported in whole dollars. Amounts of 49 cents or less should be rounded down to the nearest dollar and amounts 50 to 99 cents should be rounded up to the next dollar. Agency programs are required to submit separate reports for direct loans, defaulted guaranteed loans, and administrative receivables (i.e., receivables generated from activities other than direct or defaulted guaranteed loans).

b. Form Identification

(1) Reporting Entity Code. This code identifies the entity for which the report is being prepared. It is unique for each reporting entity. The first two digits identify the agency; the next two digits identify the bureau; the remaining digits identify the entity. The Reporting Entity Code will also need to be prefaced by an alphabetic character to identify the type of receivable (see paragraph (3), below).

(2) The FY and the Quarter. Identifies the FY and Quarter for which you are preparing the report.

(3) Type of Receivable. Identifies whether the Receivable Report is being prepared for direct loans, defaulted guaranteed loans, or administrative receivables (i.e., receivables generated from activities other than direct loans or guaranteed loans). For example, the entity "10-09-90000" may have both direct loans and administrative receivables; the reporting codes would be "D10-09-90000" and "A10-09-90000" respectively (D = Direct Loan; F = Defaulted Guaranteed Loan; A = Administrative). A separate report is required for each type of receivable for each entity.

c. Preparation Instructions for Parts I, II, and III

(1) Part I, Status of Receivables. Part I of the Receivables Report addresses the status of receivables. Outstanding receivable balances and current FY activities are captured; delinquent receivables are aged and classified; and scheduled debts are classified.

(a) Section A – Receivables and Collections. This section shows the current beginning FY balance of all receivables; and the cumulative activity during the FY as of the end of the quarterly reporting period for new receivables, accruals, collections,

adjustments, amounts written-off, and ending balance at the end of the reporting period. Additionally, receivables are classified as foreign/sovereign and state and local government. Information is reported at the entity level. It includes delinquent and nondelinquent receivables, as well as current (due within 12 months from the quarter end date) and noncurrent (due beyond 12 months from the quarter end date) receivables. (*Reminder: dollar amounts are reported at gross book value.*) An explanation for each line entry is as follows:

1      Beginning FY Balance. The number and dollar amount of all receivables outstanding as of the beginning of the FY. These figures are system generated and must agree with the ending balance reported for the previous FY. Typically, these figures will remain unchanged throughout the FY.

2      New Receivables. The number and dollar amount (principal only) assessed by the agency of all new receivables generated during the FY.

3      Accruals. The dollar amount of earned interest and late charges accrued during the current FY.

4      Collections on Receivables. The dollar amount of collections on all debts, including delinquent, nondelinquent, restored, and written-off debt, during the FY. Enter collections with a minus (-) sign before the figures. Noncash collections (for example, personal property or services rendered) are to be footnoted. The total dollar amount equals the sum of lines 4A, 4B, 4C, and 4D of this section, and is system generated.

a      At Agency. The dollar amount for both delinquent and nondelinquent debt worked and collected at the agency.

b      At Third Party. The dollar amount for both delinquent and nondelinquent debt collected by a third party other than the Department of Justice or private collection agency, such as a guaranty agency.

c      Asset Sales. The dollar amount of proceeds realized from the sale of a loan or debt asset.

d      Other. The dollar amount of all other collections, both delinquent and nondelinquent, not recorded in lines 4A, 4B, or 4C of this section. Other collection tools or techniques include, but are not limited to, wage garnishment, private collection agencies, designated debt collection center, and foreclosure. Amounts reported on this line must be footnoted to identify the collection tools or techniques used.

5      Adjustments. The number and dollar amount of changes to receivables during the FY due to reclassifications or adjustments, acquisition of property, estimated losses on acquired property, or consolidations. The total dollar amount equals the sum of lines 5A, 5B, and 5C of this section and is system generated. These lines may be either positive or negative.



a      Reclassified/Adjusted Amounts. The dollar amount reclassified or adjusted and transferred into or out of receivables balances during the FY. The amounts may include, but are not limited to, corrections to a previously reported receivable, refunds of amounts previously reported as collections, adjustments made in a prior reporting period, adjustments due to the acquisition of property serving as collateral on a direct or defaulted guaranteed loan, and estimated losses on collateralized debt. If a collection is received for a debt that has been written-off, the amount collected would be restored as a receivable by reporting an adjustment on this line. This line may be either positive or negative. *All amounts reported on this line are to be footnoted with the reason for the adjustment.*

b      Adjustments Due to the Sale of Assets. The dollar amount of the difference between the gross book value of an asset and the proceeds from the sale of the asset, as recorded as a collection in line 4.C. of this section.

c      Consolidations. The dollar amount of proceeds received through loan consolidations. Loan consolidations include, but are not limited to, defaulted guaranteed loans that are closed and reestablished as direct loans.

6      Amounts Written Off. The number and dollar amount of the uncollectible receivables written off during the FY. Enter amounts written off with a minus (-) sign before the figures. Do not include estimated losses on collateralized debt. That figure is to be included on line 5(A) of this section.

a      Currently not Collectible. The number and dollar amount of debts greater than 2 years old where collection continues and the debt is not closed.

b      Written off and Closed Out. The number and dollar amount of debts that result in the termination of all collection activity and elimination of the accounts from further servicing.

7      Ending Balance. The number and dollar amount of receivables outstanding at the end of the reporting period. The dollar amount is equal to the sum of lines 1, 2, 3, 4, 5, and 6 of this section and is system generated. Lines 4 and 6 are negative figures, line 5 may be either positive or negative. The number and dollar amounts of lines 7(A) and 7(B) of this section do not equal line 7.

a      Foreign/Sovereign. The number and dollar amount of receivables owed to the U.S. Government by Sovereign nations. Do not include debts owed by foreign corporations or foreign individuals. Those debts are considered nongovernment, domestic debts and reported as a receivable in this section. This line is for informational purposes. The number and dollar amount are included in line 7, above.

b      State and Local Government. The number and dollar amount of receivables owed to the U.S. Government by state governments, local

governments, public colleges and universities. This line is for informational purposes. The number and dollar amount are included in line 7, above.

8      Rescheduled Debt. Classify rescheduled debt in lines A and B below. This information is included on line 7, “Ending Balance” of this section, above.

a      Delinquent. The number and dollar amount of rescheduled debt for which payments have not been received according to new or modified terms of an agreement to repay debt.

b      Nondelinquent. The number and dollar amount of rescheduled debt for which payments are being received according to new or modified terms of an agreement to repay the debt.

9      Interest & Late Charges. The dollar amount of interest and late charges associated with the total outstanding receivables due from the public, at the end of the reporting period, i.e., reported on line 7, “Ending Balance.”

(b)      Section B - Delinquent Debt by Age. Delinquent Debt by Age contains an aging schedule and classifies delinquent debt by commercial, consumer, and foreign/sovereign categories. The following criteria must be used when preparing this section:

1      Receivables are recorded as delinquent if not paid by the due date unless terms of the contract or agreement provide otherwise. If the contract or agreement provides for a “grace” period, then the receivable is not considered delinquent until that period expires without payment.

2      Receivables recorded as delinquent are aged from the payment due date or the day notification of debt was mailed depending on the contract or agreement, i.e., date of delinquency. If a “grace” period expires without payment, then the receivable is aged from the original payment due date or date of notification.

3      Rescheduled receivables in a repayment plan and receivables being paid in installment agreements that are being paid as agreed are not considered delinquent receivables.

4      Each delinquent debt is only to be counted once. For example, past due installments for the same account should be counted as one delinquent receivable.

5      Multiple loans for a single borrower are to be counted as a separate debt for each loan.

6 The entire amount of debt is recorded as delinquent if any part of it has been delinquent more than 180 days, provided the debtor has been notified that the entire amount is due (or accelerated).

7 Total Delinquencies. The number and dollar amount of receivables reported on line 7 (Outstanding Receivables, Ending Balance), in Part I, Section A that are delinquent at the end of the quarterly reporting period. Debts with portions in different aging categories, such as may occur when a debtor becomes delinquent on multiple installment payments, are to be reported in the most delinquent (oldest) category. The total dollar amount equals the sum of lines A through G of this section. The total dollar amount also equals the sum of lines (2) and (3) of this section. The total dollar amount is system generated. Lines (A) through (G) show the dollar amounts of receivables that are delinquent for the respective time periods (1-90 days, 91-180 days, 181-365 days, 1-2 years, 2-6 years, 6-10 years, and over 10 years).

8 Commercial. The number and dollar amount of delinquent commercial accounts.

9 Consumer. The number and dollar amount of delinquent consumer accounts.

10 Foreign/Sovereign Debt. The number and dollar amount of delinquent debt owed to the U.S. Government by sovereign nations. Do not include debts owed by foreign corporations or foreign individuals; those debts are considered nongovernment, domestic debts.

(2) Part II, Debt Management Tool and Technique Performance Data. Part II of the Receivables Report contains management information on the status of delinquent debt by collection management tools and techniques, age, eligibility for referrals, collections, and debt disposition.

(a) Section A: Delinquent Debt 180 Days or Less. This section captures delinquent debt information on the following collection tools and techniques: in bankruptcy, in forbearance or in formal appeals process, in foreclosure, at private collection agencies, in litigation, eligible for internal offset, in wage garnishment, at Treasury for cross servicing, at Treasury for offset, at agency, and other. This section is designed to provide specific information on the actions an agency is taking to collect its debts between 1 and 180 days delinquent. The following criteria must be used when preparing this section:

1 Categories are not always mutually exclusive. An agency may refer a debt to a private collection agency and to Treasury for offset at the same time. This debt should be reported in both places.

2 Debts at Treasury for cross-servicing, a designated debt collection center, other third party, or the Department of Justice for litigation will not be

reported in any other category, even though the entity working the debt may have referred it to a private collection agency or to the Treasury for offset.

3      Total Delinquencies 1-180 Days. The cumulative dollar amount of delinquent debt outstanding 180 days or less as of the end of the quarterly reporting period. The dollar amount is system generated and will equal the sum of Part I, Section B, lines 1A and 1B. Because the categories are not mutually exclusive, the sum of lines 1A through 1K of this section may not equal this line.

a      In Bankruptcy. The number and dollar amount of delinquent collateralized or uncollateralized debt in bankruptcy.

b      In Forbearance or In Formal Appeals Process. The number and dollar amount of delinquent debt in a formal appeals process or forbearance program. The results of the appeal affect whether a debt is considered valid and legally enforceable and/or the dollar amount to be collected. Debts in a formal forbearance program represent debts that are still in negotiation.

c      In Foreclosure. The number and dollar amount of delinquent debt which is in foreclosure. To be “in foreclosure,” a notice of default must have been filed.

d      At Private Collection Agencies. The number and dollar amount of delinquent debt outstanding at private collection agencies.

e      At DOJ. The number and dollar amount of delinquent debt outstanding that is in litigation either at the Department of Justice or at agencies with the statutory authority to litigate.

f      Eligible for Internal Offset. The number and dollar amount of delinquent debts that will be collected by internal agency offset. Internal offset occurs when an agency collects a delinquent debt by offsetting payments made or due to the delinquent debtor by that agency.

g      In Wage Garnishment. The number and dollar amount of delinquent debt for which the agency is pursuing administrative wage garnishment. Do not include garnishment actions being pursued by the Department of Justice; these actions would be reported as in litigation on line E of this section.

h      At Treasury for Cross-Servicing. The number and dollar amount of debt outstanding at Treasury for cross-servicing.

i      At Treasury for Offset. The number and dollar amount of debt outstanding at Treasury for offset. The Treasury Offset Program combines

Administrative and Salary Offsets. This amount will also include delinquent accounts referred for Tax Refund Offset.

j      At Agency. The number and dollar amount of delinquent debt being worked at the agency. Debt being worked at the agency includes, but is not limited to: in counsel, federal salary offset initiated by the agency, or pending referral to the Department of Justice for litigation.

k      Other. The number and dollar amount of delinquent debts outstanding that is being worked by management tools or techniques not represented in lines 1.A. through 1.J. of this section. Other tools and techniques include, but are not limited to: debts at third parties, such as a guaranty agency or financial institution, and debts at a designated debt collection center. All amounts reported on this line are to be footnoted to identify the tool or technique being used.

(b)      Section B: Debt Eligible for Referral to Treasury for Offset and Cross-Servicing. Debt eligible for referral to Treasury for offset and cross-servicing captures delinquent debt information according to eligibility for referral to Treasury for offset and Cross-Servicing. Exceptions for debt referrals to Treasury for Offset and Cross-Servicing include, but are not limited to, the following categories: bankruptcy, foreign/sovereign debt, forbearance programs, formal appeals, and foreclosure. Exceptions for debt referrals to Treasury for Cross-Servicing include the offset exception categories, in addition to debts at private collection agencies, in litigation, and eligible for internal offset. Note: Debts that are more than 10 years delinquent may not be referred for offset, unless authorized by Federal law; for example, the Department of Education's student loans. This information is being requested to assist in identifying what actions agencies are taking to collect serious delinquent debt, relative to compliance with the requirements of the "Debt Collection Improvement Act (DCIA) of 1996." The DCIA requires agencies to: (1) notify Treasury of all debts delinquent more than 180 days for Offset and (2) refer to Treasury, with the aforementioned exceptions, all debts delinquent more than 180 days for Cross-Servicing debt collection.

1      Debt Eligible for Referral to Treasury for Offset

a      Delinquent Debt Over 180 Days and Currently Not Collectible. The dollar amount of debt that is over 180 days delinquent, but not over 10 years delinquent and amounts included in currently not collectible. The dollar amount on this line equals the sum of lines 1.C. through 1.F. of Part I, Section B added to the sum of lines 1.A. through 1.D. or Part II, Section D. Exception: The Department of Education Student Loan Program, or other programs with similar authority, should report debts that are delinquent over 10 years.

b      In Bankruptcy. The number and dollar amount of delinquent collateralized or uncollateralized debt in bankruptcy. Enter number and dollar amounts with a minus (-) sign before the figures.

c      Foreign/Sovereign Debt. The number and dollar amount of delinquent debt owed to the U.S. Government by sovereign nations. Do not include delinquent debts owed by foreign corporations or foreign individuals. Those debts are considered to be nongovernment, domestic debt. Enter number and dollar amounts with a minus (-) sign before the figures.

d      In Forbearance or Formal Appeals Process. The number and dollar amount of the debt that is deferred because of a formal forbearance program or appeals process. Debts that are subject to forbearance or that are under appeal generally are not “legally enforceable.” The results of an appeal determine whether a debt is considered valid and legally enforceable and/or the dollar amount to be collected. Enter the number and dollar amounts with a minus (-) sign before the figures.

e      In Foreclosure. The number and dollar amount of delinquent collateralized debt in foreclosure. To be “in foreclosure” a notice of default must have been filed. Enter number and dollar amounts with a minus (-) sign before the figures.

f      Other. The number and dollar amount of the delinquent debt that is exempt from, or adjusted to, referral to Treasury for reasons other than those listed in lines 1.(a) through 1.(e), above. Amounts entered on this line must be footnoted with the reason for exempting or adjusting the debt referral. The number and dollar amounts may be positive or negative. Enter negative amounts with a minus (-) sign before the figures.

g      Debt Eligible for Referral to Treasury for Offset. The number and dollar amount of delinquent debt over 180 days but not over 10 years that is eligible for referral to Treasury for offset. The dollar amount on this line equals the sum of lines 1.(A) through 1.(F) of this section and is system generated. Enter the number of cases appropriate for this line.

h      Debt Referred to DOJ/Litigation: The number and dollar amount of delinquent debt over 180 days that has been referred for litigation; this may include DOJ referrals or internal referrals at agencies with statutory authority to litigate.

i      Debt Eligible for Referral to Offset by the Agency: This line is calculated. It is the number and dollar amount of delinquent debt over 180 days, less than 10 years, that is eligible for referral to Treasury for offset. The number and dollar amount of this line equals G. minus H. (This will apply unless there is statutory or regulatory authority for debts over 10 years such as Department of Education, Health and Human Services, and Veterans Administration.)

j      Debt Referred to Treasury for Offset: Of the amount eligible, the number and dollar amount of delinquent debt over 180 days that has been referred to Treasury for offset.

k      Balance of Debt Eligible for Referral by the Agency: This line is calculated. The number and dollar amount of delinquent debt over 180 days, but not over 10 years, that is eligible for referral to Treasury for offset. The dollar amount of this line equals I minus J.

2      Debt Eligible for Referral to Treasury or a Designated Debt Collection Center for Cross-Servicing

a      Debt Eligible for Referral to Treasury for Offset. The number and dollar amount of delinquent debt over 180 days that is eligible for referral to Treasury for Offset. This line is equal to line 1.(I.) of this section and is system generated.

b      At Private Collection Agencies (PCAs). The number and dollar amount of delinquent debt outstanding at PCAs. Enter the number and dollar amounts with a minus (-) sign before the figures.

c      Eligible for Internal Offset. The agency is enforcing collection of the debt through an internal offset. Delinquent debts are eligible for internal offset, if such offset is sufficient to collect the claim within 3 years after the date the debt or claim is first delinquent. Enter the number and dollar amounts with a minus (-) sign before the figures.

d      Debt Exempted by Treasury from Cross Servicing: Enter the number and dollars amount of delinquent debt that has been formally exempted by Treasury from cross-servicing.

e      Other. The number and dollar amount of delinquent debt that is exempt from, or adjusted to, referral to Treasury for reasons other than those listed in lines 2.(A.) through 2.(D.), above. Add delinquent debts that are over 10 years old and are not exempt from referral for Cross-Servicing. Other exempt categories include, but are not limited to: debts at third parties – such as a guaranty agency or financial institution which is servicing the delinquency on behalf of the agency, debts at a designated debt collection center, debts scheduled for sale, or debts in a nonjudicial garnishment of private sector wages process. Amounts entered on this line must be footnoted with the reason for exempting or adjusting the debt referral. The number and dollar amounts may be positive or negative. Enter negative amounts with a minus (-) sign before the figures.

f      Debt Eligible for Referral to the Treasury or a Designated Debt Collection Center for Cross-Servicing. The number and dollar amount of delinquent debt over 180 days that is eligible for referral to the Treasury or a Designated Debt Collection Center for Cross-Servicing. Debts returned to the agency for write-off occurrence would still be reported in one of the above categories. This line equals the sum of lines 2.(A.) through 2.(E.) of this section and is system generated.

g Debt Referred to Treasury for Cross Servicing: Of the amount eligible, the number and dollar amount of delinquent debt over 180 days that has been referred to Cross-Servicing for offset.

h Balance of Debt Eligible for Referral by the Agency: This line is calculated. The number and dollar amount of delinquent debt over 180 days, but not over 10 years that is eligible for referral to Treasury for cross servicing. The dollar amount of this line equals F. minus G. minus H.

(c) Section C: Collections. Collections captures information on all collections of delinquent accounts by management tool and technique. Collections are not always mutually exclusive. The number and dollar amounts are recorded in each tool or technique that collected funds. The purpose for requesting this information is to assist agencies in assessing the effectiveness of their current debt collection strategies. This information allows agencies to compare the number of cases and dollar amounts collected from each tool to the number and dollar amounts of debts applied to each tool. The following criteria must be used when preparing this section:

1 Categories are not always mutually exclusive. An agency may collect a debt from a private collection agency and from Treasury's Offset Program at the same time. The collections should be reported in both places.

2 Collections by Treasury's cross-servicing program or a designated debt collection center, third party, or the Department of Justice (by litigation), will not be reported in any other category, even though the entity working the debt may have received funds from a private collection agency or from Treasury's Offset Program.

3 The actual number of debts or claims for which collections were received is to be reported. If amounts were received for the same debt by more than one tool or technique the debt is to be counted once for each tool or technique that was successful in collection.

4 Collections on Delinquent Debt. Identify the dollar amount of collections on delinquent debts. Include collections of delinquent debt that were written off and subsequently restored during the FY. Noncash collections (for example, personal property or services rendered) are to be footnoted. The dollar amount for this line equals the sum of lines 1.(A.) through 1.(J.) of this section and is system generated. Collections on receivables will be itemized in the following categories:

a By Private Collection Agencies. The number and dollar amount of delinquent debt collected by private sector collection agencies under contract with the agency or Treasury. Do not include collections by Private Collection Agencies realized through other services, e.g., a designated debt collection center.



b By DOJ. The number and dollar amount of delinquent debt collected by the Department of Justice through litigation or by agencies with the statutory authority to litigate. Include judicial foreclosure, bankruptcy, cash, and nonmonetary settlements.

c By Internal Offset. The number and dollar amount of delinquent debt collected through an internal offset. An internal offset occurs when an agency collects by offsetting payments made or due to the delinquent debtor by another program within that agency.

d By Third Party. The number or dollar amount of delinquent debt collected by a third party other than the Department of Justice or private collection agency, such as a guaranty agency.

e By Asset Sales. The number and dollar amount of proceeds realized from the sale of a delinquent loan or debt asset.

f By Wage Garnishment. The number and dollar amount of collections received as the result of nonjudicial (administrative) garnishment of private sector wages. Do not include federal employee salary offset. Federal employee salary offsets are collected through the Treasury Offset Program.

g By Treasury for Offset. The number and dollar amount of delinquent debt collections realized by Treasury or by a non-Treasury disbursing officer through the offset of a federal payment. Federal payments of benefits, tax refunds, salary, or vendors are subject to offsets.

h By Treasury for Cross-Servicing. The number and the dollar amount of delinquent debt collected by Treasury through its cross-servicing program. Report total collections realized by the Treasury as the result of Cross-Servicing. For example, if the debt is sent to the Treasury and it is collected via a private collection agency or Treasury Offset, report the entire amount of the collection as a Treasury Cross-Servicing collection.

i By Agency. The number and dollar amount of delinquent debt worked and collected at the agency.

j Other. The number and dollar amount of delinquent debt collected by management tools or techniques not represented in lines 1.(A.) through 1.(I.), above. All amounts reported on this line are to be footnoted to identify the collection method used.

(d) Section D: Debt Disposition. This is information on the number and dollar amount of selected categories of written-off delinquent debt. The purpose of requesting the information in this section is to identify the amount of debt which has been

written-off, but on which the agency is still pursuing collection action. The number and amount for line 1 of this section shall be a cumulative number, representing all written-off debt from the current and preceding fiscal years, on which the agency is continuing to pursue collection action.

1 Currently not Collectible (Written-off and Not Closed Out). The number and dollar amount of receivables that have been written-off (removed from agency accounting records) and not closed out (reported to IRS on form 1099-C). This line should equal the sum of lines 1.(A.) through 1.(D.) of this section.

a At Private Collection Agencies. The number and dollar amount of receivables that have been written-off but are still being pursued for collection by a private collection agency.

b At Treasury or a Designated Debt Collection Center for Cross-Servicing. The number and dollar amount of receivables that have been written-off, but whose collection is being pursued by a Designated Debt Collection Center, including at Treasury for Cross-Servicing.

c At Treasury for Offset. The number and dollar amount of receivables that have been written-off and referred to Treasury to be entered in the Treasury Offset Program delinquent debtor database.

d Other. The number and dollar amount of receivables that have been written-off and not included in lines 1.(A.) through 1.(C.) Amounts reported on this line should be footnoted to explain other circumstances.

2 Reported to Internal Revenue Service (IRS) on Form 1099-C (Written-off and Closed Out). The number and dollar amount of debt that has been reported as income to the IRS on Form 1099-C during the FY. Reporting to IRS always occurs in the 2nd Quarter of the FY (February). For example, if a debt is written-off in March 1999 and the agency decides to terminate all efforts to collect it in June 2000, the debt would be reported to IRS in February 2001, and reported to Treasury FMS on the 2nd quarter 2001 report. Debts reported on this line have been written-off and closed-out.

(3) Part III. Footnotes. When footnotes are either required or necessary for clarification, they are prepared **and** submitted via the Internet along with Parts I and II of the report. Footnotes are required whenever agencies' criterion is inconsistent with Treasury's definition of data requirements. Footnotes should be entered in the designated area and referenced to the appropriate line item.

(4) Agency Contact Information. Enter the perjurer's name, telephone number, facsimile number, E-mail address and street address and the supervisor's name, telephone number and E-mail address. The Agency name, address, i.e., city, state, and zip code should also be provided.

E. Verification Instructions. All 4th quarter (year-end) Receivables Reports must be verified by the submitting agency's Chief Financial Officer or equivalent. Verification of the Receivables Report means that the report has been reconciled to the agency's Audited Financial Statements and the Federal Agencies Centralized Trial Balance System. Only one verification per agency is to be submitted. Verifications are due to Treasury FMS by March 31st each year for the preceding FY. The verification should state that the information presented in Part I, Section A, Ending Balance line of the "Report on Receivables Due from the Public," Figure 5-3, was reviewed and is reconciled to the receivable balances in the agency's (a) Form and content - Audited Financial Statements, i.e., the Balance Sheet and (b) Federal Agencies Centralized Trial - Balance System (FACTS). If the report is not reconciled to the Balance Sheet and FACTS, the verification should state so, with an explanation as to why verification is not possible. Agencies should disclose the audit opinion of the Financial Statements or any issues regarding the pertinent accounts.

F. Differences Among the Balances Reported. The FMS acknowledges that there will be differences among the balances reported since the Report on Receivables presents the gross book value of receivables as opposed to the net present value presented on the Audited Financial Statements and in FACTS. Note: Report accrued interest on this report the same as it is reported in FACTS and the financial statements, up to 180 days of delinquency. If interest is accrued on debts over 180 days delinquent and included in FACTS submissions and on the financial statements, report it in this report with a footnote. Include in the report all receivables for programs that are administered by the agency. Receivables are reported with the programs that are administered by the agency. Receivables are reported with the program that first generated the receivables unless there was a transfer by book entry to another entity. Agencies are required to verify the Report on Receivables Due from the Public by using the Data Verification Application available on the Internet. Questions concerning the verifications should be directed to:

Debt Management Services  
Financial Management Service  
Department of the Treasury  
Director, Agency Liaison Division  
401 14th Street, SW, Room 154  
Washington, DC 20227  
Telephone Number: (202) 874-7399 or (205) 912-6400

G. Definitions

1. **Administrative Offset.** Withholding money payable by the Government to, or held by the Government for, a person or entity to satisfy a debt that the person or entity owes the Government.

2. **Administrative Receivable.** Any receivable other than a direct loan or a defaulted guaranteed loan, such as, but not limited to: fines, penalties, sales of goods and services, overpayments of salaries and benefits, and travel advances.

3. **Agency Counsel.** An entity established within a government organization to handle its legal matters.

4. **Appeal.** An administrative process of seeking review by a higher authority of a decision made by a lower authority.

5. **Bankruptcy.** A process established under Federal law whereby a debtor may seek relief from the claims of creditors.

6. **Close-out.** An event that occurs concurrently with, or subsequent to, an agency decision to write-off a debt for which the agency has determined that future additional collection attempts would be futile. At close-out, an agency reports to the Internal Revenue Service (IRS) the amount of the closed out debt as income to the debtor on IRS Form 1099-C, in accordance with Treasury requirements. No additional collection action may be taken by the agency after issuing the IRS Form 1099-C.

7. **Commercial.** A business activity, regardless of whether that activity has been undertaken by an individual or business (for example, a loan to a farmer to purchase additional land for farming; a loan for multifamily housing; a loan made to a university or college for housing; a fine against a business or an organization; or an assessment against a business or corporation).

8. **Consumer.** A personal activity (for example, a loan made to an individual to purchase a residence; a loan made to an individual to attend an educational institution; a travel advance; or an assessment against an individual).

9. **Cross-Servicing.** Collections of debt by an organization on behalf of another agency.

10. **Debt Collection.** The recovery of delinquent amounts due after routine follow-up fails. This activity includes the assessment of the debtor's ability to pay, the exploration of a possible alternative arrangement to increase the debtor's ability to pay, and other efforts to secure payment.

11. **Defaulted Guaranteed Loan.** A receivable created when the Government acquires a guaranteed loan in satisfaction of a default or other claim.

12. **Delinquent.** The failure of the debtor to pay an obligation by the date specified in the agency's initial written notification or applicable contractual agreement, unless other satisfactory payment arrangements have been made by that date. Delinquency would also occur if, at anytime thereafter, the debtor fails to satisfy the obligations under the payment arrangement with the creditor agency.

a. If the debtor fails to pay the debt by the specified date, the debt is delinquent and the "date of delinquency" is the day given as the payment due date for contractual agreements or the day notification of the debt was mailed, as appropriate.

b. If any part of a debt has been delinquent more than 180 days, agencies should report the entire amount of the debt as delinquent if the debtor has been notified that the entire amount is due (or accelerated).

13. **Direct Loan.** A receivable created when the Government agrees to disburse funds and contracts with the debtor for repayment, with or without interest.

14. **Forbearance.** The act of surrendering the right to enforce a valid claim usually in return for a binding promise to perform a specified act. Forbearance sometimes refers to an agreement by a lender to refrain from taking legal action when a mortgage is in arrears, as long as the borrower complies with a satisfactory arrangement to pay off the past due balance by a future date.

15. **Foreclosure.** An involuntary payment of a debt secured by collateral by seizing the collateralized property.

16. **Gross Book Value.** The gross amount at which the receivable asset appears on the books of account. The gross book value is the amount appearing in a receivable account prior to applying the applicable valuation allowances for doubtful accounts.

17. **Interest.** The charge assessed as a cost of extending credit as distinguished from late payment interest charged on a delinquent debt. Interest costs for extending credit would only accrue on current receivables (that is, those receivables due within the next year).

18. **Late Charges.** The amounts accrued and assessed on a delinquent debt. Late charges include the following:

a. **Administrative Costs.** Costs incurred in processing and handling a delinquent debt. Costs should be based on actual costs incurred or cost analyses, which estimate the average of actual additional costs incurred for particular types of debt at similar stages of delinquency. Administrative costs should be accrued and assessed from the date of delinquency.

b. Penalties. A punitive charge assessed for delinquent debts. The rate to be assessed is set by law at no more than 6 percent per year and is assessed on the portion of the debt remaining delinquent more than 90 days, although the charge will accrue and be assessed from the date of delinquency. Penalties should be assessed unless otherwise provided in legislation or a contractual agreement.

c. Late Payment Interest. The charge assessed on delinquent debts based on the time value of money owed and not paid when due. As established by the “Debt Collection Act of 1982,” the minimum annual rate to be assessed is the Department of the Treasury’s Current Value of Funds Rate. A higher rate may be used if judged by the agency as necessary to protect the Government’s interests. Late payment interest is accrued and assessed from the date of delinquency, and should be assessed unless otherwise provided in legislation or a contractual agreement. Additionally, late payment interest may be waived by the agency at any time (must then be written off) or it may accrue indefinitely.

19. Litigation. A legal action or process taken in a court of competent jurisdiction for full or partial debt recovery.

20. Net Present Value. Current worth of dollars of an investment’s future cash flow.

21. Present Value. The value now of a future sum or sums discounted, assuming compound interest.

22. Principal. The amount owed by the debtor to the Government, excluding interest, penalties, administrative costs, fees, and prepaid charges.

23. Receivable. An amount owed the Government by an individual, organization, public entity (for example, state and local governments), or other entity to satisfy a debt or claim. Examples of receivables generated by Government activities include, but are not limited to, amounts due for taxes, loans, sales of goods, and services, fees, fines, penalties, forfeitures, interest, and overpayments of salaries and benefits. If an individual or entity has been billed, and the debt is under appeal, the debt is considered a receivable.

24. Rescheduled. Modifying terms and conditions to facilitate repayment of a debt, which includes establishing new terms as a result of changes in authorizing legislation. An example is Congressional action allowing farmers to have an additional five years to pay off their loans. Rescheduling is also called restructuring, refinancing, and reamortizing. Rescheduled receivables are not considered delinquent unless the debtor fails to pay under the rescheduled terms.

25. Wage Garnishment. The process of withholding amounts up to 15 percent of an employee’s disposable pay and the paying of those amounts to a creditor.

26. Write-Off. An event that occurs when an agency official determines, after all appropriate collection tools and techniques have been used, that a debt or portion of a debt is

uncollectible. The uncollectible amount is removed from an entity's receivables; however, collections attempts can be made after receivables are removed. Department of Justice concurrence is required for write-offs or compromises of debts greater than \$100,000. If a debt is compromised, the amount no longer due should be reported as written off.